

RAPID RESPONSE TO STATE DISASTERS

Prior Law

The income a nonresident individual receives for performing emergency response work for an electric utility under a mutual aid agreement between Iowa and the state the nonresident lives in, or for training by the electric utility is excluded from Iowa individual income tax. In addition, that nonresident is not subject to withholding by the electric utility for those sources of income.

New Provisions

2016 Iowa Acts Senate File 2306 is enacted to facilitate rapid response by out-of-state businesses and employees to state-declared and presidential-declared major disasters. An out-of-state business that performs disaster and emergency-related work, which includes fixing or building critical infrastructure that has been damaged or destroyed by the declared state disaster or emergency, that relates to a state-declared or presidential-declared disaster is exempt from the following:

- Income tax;
- Corporate income tax;
- Withholding and remitting income tax from out-of-state employees;
- Being included in a consolidated return;
- Collecting and remitting any tax imposed on another person or filing a related tax return or obtaining a tax permit, except for sales tax, if the out-of-state business is registered voluntarily as a seller under the Streamlined Sales and Use Tax Agreement;
- Use tax or equipment tax under code chapter 423D, on property purchased outside the state and brought into the state during the disaster response period; and
- Property taxes on property brought into the state to aid in the performance of the disaster.

An out-of-state employee performing disaster or emergency-related work during a disaster response period does not establish residency or a level of presence that would subject the employee to any of the following:

- Obtaining any state or local registration, license, or permit;
- Income tax, including increasing the amount of net income the out-of-state employee allocates and apportions to the state;
- Withholding tax,
- Use tax or equipment tax under code chapter 423D, on property purchased outside the state and used in the state for related work if it is removed after the disaster response period ends;

The disaster response period starts ten days before the state-declared or presidential-declared disaster and ends sixty days after the end of the declared state disaster or emergency.

Sections Amended_____

Sections 1 of 2016 Iowa Acts Senate File 2306 amends Section 29C.1, Code 2016. Section 2 creates new section 29C.24, Code 2016. Sections 4 to 8 amends chapter 422, Code 2016. Sections 9 to 11 amends Chapter 423. Section 12 amends section 423D.3, Code 2016. Section 13 of amends section 427.1, Code 2016.

Effective Date_____

April 21, 2016, retroactive to January 1, 2016, for tax years beginning on or after that date.